

This study assess Prague real estate market from price level bubble existence point of view. For this purpose construct loglinear regression models for estimating price level of purchase and renting for several segments on the real estate market. These estimated price levels afterwards compare to theoretical price levels set by user cost concept, which employs fundamental factors such as capital costs, depreciation rates, personal income and property taxes, additional asset risk and expected capital gain. Study concludes that Prague real estate market does not currently experience positive price bubble, even one of the segments assess as underpriced.